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Building materials—pp. 24-41

National Home Center News®

Vol. 12, No. 4 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. February 10, 1986

Ed Plemons, Moore's vp operations, said the chain's recent remerchandising moves are designed to tell the industry, "that we're still here, we're still alive, and we're not only set to go, but we're on the way." NHCN photos

Moore's begins revamp effort with Roanoke units

By Phillip M. Perry
NHCN staff editor

ROANOKE, Va. — Moore's has begun to re-merchandise and expand the sales floors of its three consumer-oriented home centers here in its headquarters city as the initial step in a larger effort to upgrade the majority of its 88 units.

The renovation of its Roanoke stores, slated to be capped with a grand re-opening campaign this spring, is expected to result in an increase of showroom space of over 60% for the chain's presence in Roanoke. Two stores, one on the north side of town and the other in the suburb of Salem, Va., will be expanded from 16,000 sq. ft. to 27,000 sq. ft. A third store with an 11,000-sq.-ft. showroom, located on the southwest side of Roanoke, is

(Continued on page 62)

NEWSBREAKS

STANLEY BUYS BOSTITCH. Stanley Works, New Britain, Conn., has agreed to purchase the Bostitch division of Textron Inc. for $193 million in cash and working capital. Bostitch, which makes professional quality fasteners and fastening tools, will operate as a separate division under Stanley, although its products could be sold with Stanley's hardware and tools.

Evans files plan with court: creditors get $186M cash

By John Caulfield
NHCN staff editor

MIAMI BEACH, Fla. — Evans Products Co. and the seven of its subsidiaries that filed for Chap. 11 on March 11, 1985, have filed a joint plan for reorganization with U.S. Bankruptcy Court here on Jan. 24 that called for a cash distribution of $186 million to its creditors, a new offering of securities, the sale of Lindsley Home Centers, and the dilution of common shareholders stake in the company to 40%.

In the release on the filing issued by the company, Evans officials acknowledged that the company's plan "conflicts in some ways with a proposed plan filed last month by unsecured creditors." In that plan, submitted Dec. 17, the creditors called for the cancellation of all preferred and common stock, along with the merging of Grossman's Inc. and Evans Products, the sale of Lindsley Home Centers and other assets, and the reinstatement of Mike Grossman as chairman of the reorganized firm (*NHCN*, Jan. 13). In addition, the creditors' plan offered virtually no cash distribution to either bank or trade creditors.

Evans officials, nonetheless, said that the company hopes "to reach a 'consensual resolution'" with its 22 bank lenders (which are owed $513 million) and its trade creditors, owed anywhere from

(Continued on page 61)

Dallas home builders meeting marked by optimism for 1986

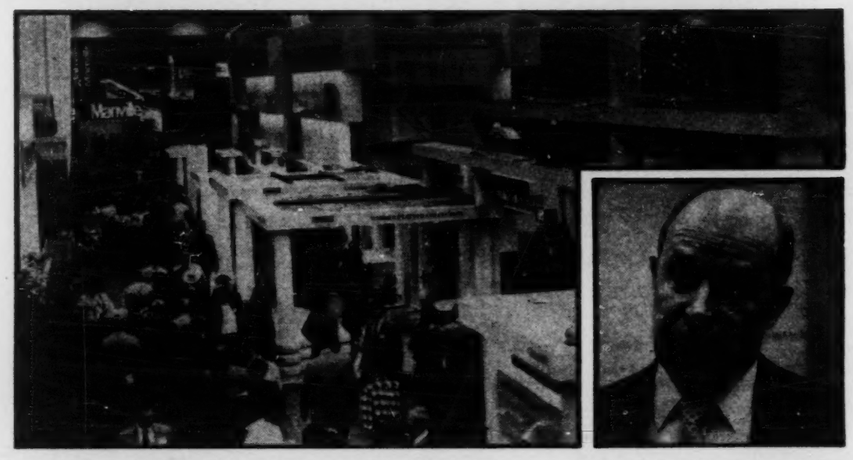
Two out of three polled predict increased starts

By Laura Liebeck
NHCN staff editor

DALLAS — The gates to Dallas opened wide last month as more than 55,000 home builders met here for the 42nd annual convention sponsored by the National Association of Home Builders (NAHB), making it the largest meeting ever for the trade group and the largest this city has ever hosted.

Enthusiasm about going to Dallas for the convention, a healthy national economy and low interest rates contributed to builder excitement before the show, one NAHB official commented. However, economists' projections that 1986 will be another strong year for housing, following the third consecutive year of 1.7 million

(Continued on page 62)



Commenting at last months' NAHB meeting in Dallas, newly elected president David Smith said one of his goals was uniform building codes for all states to "get politics out of the codes and get back to the business of serving the consumer." NHCN photos

Impending Senate vote on Conrail sale sparks debate among lumbermen

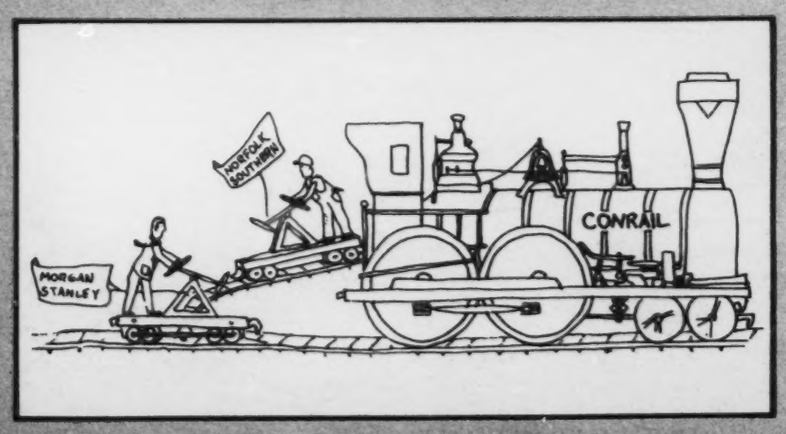
By Milford Prewitt
NHCN staff editor

WASHINGTON — The Senate's impending vote to sell the Consolidated Rail Corp. (Conrail) could have major implications for lumber shippers in the Northeast, some wholesale distributors warn.

At issue is whether lumber rail rates and routes would be significantly changed if Conrail is purchased by Norfolk Southern or the aggressive investment bank, Morgan Stanley and Co.

Both Norfolk Southern and Morgan Stanley are the

(Continued on page 61)



Some wholesale lumber distributors feel that if Conrail falls into the "wrong hands" marginally used routes and competitive freight rates could be adversely affected. Morgan Stanley and Norfolk Southern are in a tight race to assume control of the federally-owned system.

Latest moves at Mr. HOW increase speculation on sale of warehouse chain

By Donald Longo
NHCN staff editor

NASHVILLE — Mr. HOW Warehouse, the three-year-old, 29-store, Margate, Fla., chain, last month cancelled orders from vendors and postponed a January inventory, setting off a new round of speculation that its parent, Service Merchandise Corp., was close to selling its struggling home center subsidiary.

Service's chairman and president, Raymond Zimmerman, said that orders were held up due to a "slight overstocked position" at Mr. HOW stores, not because of a pending sale.

Furthermore, he told *NHCN* that the Mr. HOW inventory had been postponed to Feb. 3 in order for the company to devote the necessary attention to counting inventory at the 80 H. J. Wilson catalog showrooms that Service purchased during the first quarter of last year.

Zimmerman would not comment on the possibility of selling Mr. HOW, which Service acquired in 1983 when the home center company consist-

(Continued on page 62)

NHCNews Briefs

Industry Update

More Grace assets may go

NEW YORK — While executives at W.R. Grace home center chains continue efforts to arrange leveraged buyout deals, the $6 billion conglomerate revealed that it is considering selling off various other assets in order to help pay off its recent purchase of 13.6 million shares of its own stock from the Flick Group of West Germany.

Grace's 660-unit specialty store and home center retail group was put on the block Dec. 10, after the company announced that it needed the cash to offset the $595.5 million spent for the stock buyback.

A prospectus issued in conjunction with an offering of 2.5 million shares also indicated that the company is examining anti-takeover measures "designed to prevent or delay changes in the control" of the company.

A Grace spokesman would not comment on a published report speculating that Grace's chemical companies are currently appealing takeover targets.

Builders Sq. opens 3 in K.C.

SAN ANTONIO — Builders Square, the 30-unit, Texas-based warehouse home center subsidiary of K mart Corp., will open three stores in the greater Kansas City metropolitan area by late this summer, according to Frank Denny, the chain's chairman and founder.

The build-to-suit units will be the first warehouse-style home centers to invade the headquarters city of both Payless Cashways, which operates 10 stores in the metro area, and Sutherland Lumber, which has five home centers in Kansas City. The new Builders Square stores will follow the company's standard 80,000 to 100,000-sq.-ft. prototype, said Denny.

Kansas City, with over 550,000 households, is among the last major U.S. markets to attract a warehouse store.

Pay'n Save now Seattle Standard

SEATTLE — The parent company of Ernst Home Centers—Pay 'n Save Corp.—has changed its name to Seattle Standard Corp.

According to a company statement, the name change reflects the recent restructuring of the company. Late last year, Pay 'n Save Corp. spun off its 109-unit Pay 'n Save divison into a separate joint venture with the Zimmerman Family Interests. That venture is known as Pay 'n Save Stores Inc.

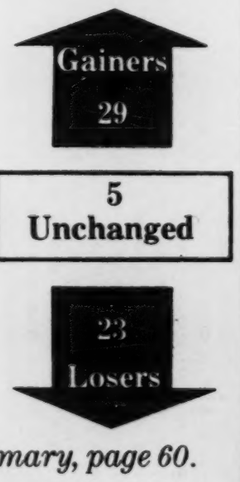
Still under the company's direction is 73-unit Ernst, three Yardbirds apparel stores and the Northwestern Drug Co., a drug wholesaler.

"The name change reflects the reality that Pay 'n Save drug stores are no longer operated as a part of Pay 'n Save Corp., although Seattle Standard still owns half of the joint venture," said Eddie Trump of The Trump Group, the controlling shareholder of the Seattle Standard Corp.

Home Center stocks strengthen

NEW YORK — Home center stock gainers outnumbered losers, 29 to 23, in the two weeks ended Jan. 24, bouncing back somewhat from the previous period when the number of declining issues doubled the number of winners. Five home center industry issues were unchanged.

The top retail gainers on *NHCN's* Home Center Industry Market Summary were Payless Cashways (which recently reported modest year-end sales and earnings gains, *see story page 5)*, Supermarkets General (parent of Rickel Home Centers), and National Lumber.



See Home Center Industry Market Summary, page 60.

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Vol. 12, No. 4 February 10, 1986

Herron resigns as Payless' exec. vp; decision a 'surprise,' position open

KANSAS CITY — John P. Herron, the former T. G. & Y. president who joined Payless Cashways less than a year and a half ago to enhance operational disciplines at the rapidly expanding building materials retailer, resigned his position as executive vice president, effective Jan. 31.

The surprise announcement was made Jan. 17, the same day that most of Payless' regional executives heard the news.

A statement from Payless' headquarters here indicated that Herron left "to pursue other interests." Efforts by *NHCN* to reach him at either Payless or his home were unsuccessful. He was reported to be away on vacation.

In a telephone conversation with *NHCN*, Payless' chairman and president David Stanley said that he perceived Herron as being somewhat frustrated but did not realize the extent of that frustration until just hours prior to Herron's resignation.

"John's decision to resign was sudden. I was not expecting that," said Stanley.

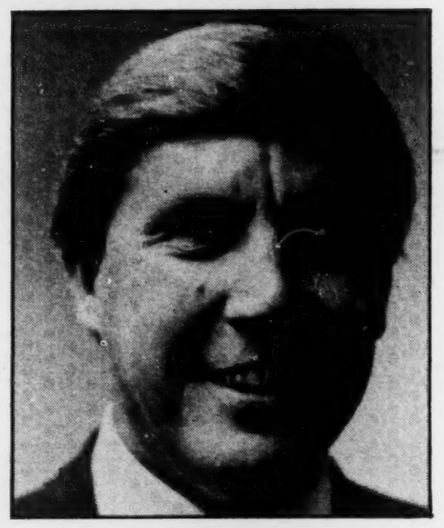
Stanley said in a prepared statement that, "John has made valuable contributions to this company in his term with us and will continue in a consulting capacity."

No decision has been made yet in selecting a replacement for Herron and a company representative said no breakdown in operations is expected due to his resignation.

Prior to Herron's arrival, Payless' operational responsibilities were handled by Harlon Seats, who left the company seven months after Herron's appointment and is now president of Dallas-based Diamond Lumber.

Stanley hired Herron on Oct. 1, 1984, to fill a newly created executive vp post at the then-148-unit home center chain. When Payless closed the books on its 1985 fiscal year on Nov. 30, the company had 169 stores generating $1.4 billion in sales, an 18.3% increase over the previous year. However, earnings were up a meager 2.6% and comparable-store sales rose just 3.3% when adjusting the 53-week 1985 fiscal year for comparison to the 52-week '84 period.

Herron was brought on board shortly after Payless acquired three-unit Somerville Lumber in Massachusetts. At the time, the company was still attempting to absorb the addition of 14 Prime Home Improvement stores in the Southwest, as well as the Lumberjack Stores chain, acquired the previous year.



John Herron

The responsibility for implementing systems to tighten corporate control of this expanding store base was given to Herron, who racked up 25 years of retail experience at J. C. Penney and as president of T. G. & Y. Stores.

By late January, Payless had sold four units in Iowa and Minnesota, bringing the chain's store count to 165.

Investors buy Hinckley for $7 million

By Elizabeth Brent
NHCN staff editor

HYANNIS, Mass. — On January 23, independent Hinckley Home Centers was sold for an estimated $7 million, to an investor group which included Frederick Whelden Jr., former vp-controller, and an Employee Stock Ownership Trust.

Fred Whelden is the new president and treasurer and under the terms of the purchase agreement, Frank and John Hinckley, former owners, will remain as non-competing consultants, engaged for the next ten years.

"The employees will probably own the stock in less than ten years," said Don Chase, vp, commercial loan officer at Cape Cod Bank & Trust, the main bank involved.

Hinckley Home Centers generated total sales of $23 million from its three units in Hyannis, Harwich and Dennis in 1985, according to Whelden.

Whelden hopes to build a larger sales base and plans to acquire a unit in Plymouth County, on the Massachusetts mainland where there is strong new home building activity. He will retain the name of the family company, established in 1872.

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merchandising

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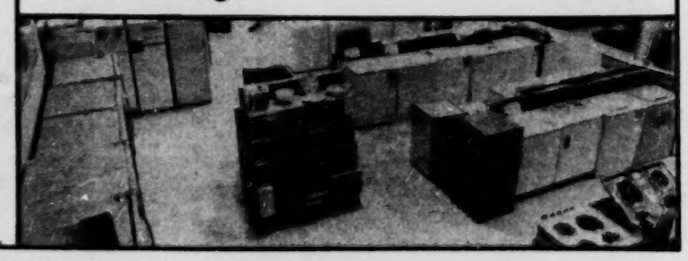
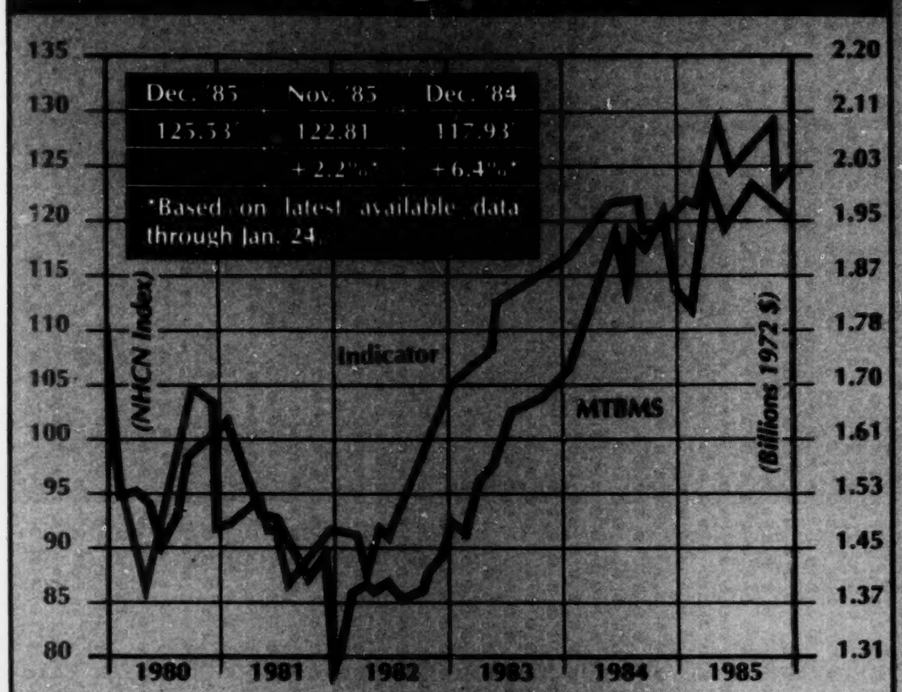


BUSINESS WATCH

National Home Centers News Leading Indicator



MTBMS—Monthly retail trade building materials and supplies in 1972$.

Indicator—Represents projected level of retail trade building supply activity four to six months out from current months. Data based on real personal income, housing starts, resales, prime rates and other data.

States with strong service and finance employment to post largest 1986 gains

By Richard E. Mount
Special to NHCN

Dealers in the Northeast, as well as in markets anchored heavily by service industry businesses, will be this year's major gainers in real growth of retail building material sales, according to latest available data.

While real retail sales of building materials and supplies are forecast to grow 6% in 1986 nationally, regional and state economies will play a significant role in supporting building material dealer sales. The strongest gains will develop in areas that have a concentration in finance and service employment and where resale activity surged in 1985. New England is the best example.

Richard E. Mount

Energy, mining, and agricultural areas will be weakest. Here, economies remain soft and prospects for a strong recovery in 1986 are dim. Many mountain, west south central and west north central states (except Missouri, which has a large manufacturing sector) will be below the national average.

In regions based on manufacturing or with diversified economies, gains will be moderate. The declining dollar, an expanding national economy and increased capital goods output will raise demand for building material supplies.

But in many such areas, resales did not recover well during 1985, which will limit demand in the first half of the year. East north central and western states fall into this group. Florida may be considered a strong/moderate hybrid.

Focus on Florida

Florida is a large and growing market for building material sales. Based on Florida's sales of all durable goods, retail building material and supply store sales were approximately $3.6 billion in 1985.

This figure equals that for the east north central region, and is larger than figures for New England, east south central, or mountain states. For 1986, Florida sales should rise about 7% in real volume, slightly faster than the national average. The economy of the state is on mostly firm ground. Building material sales will be restrained, however, by only modest resale gains in 1985.

Florida's economy was good in 1985. The number of employees on nonagricultural payrolls rose 126,000, or 2.4%. Large increases occurred in finance, trade, and service employment. But there were some negative points about Florida last year. The mining industry of south central Florida was weak, as demand for fertilizer was still down nationally. The manufacturing sector posted a smaller gain than usual, as the microcomputer industry declined.

Tourism in southern Florida was pressured by the high value of the dollar and economic problems in Latin America. The Florida resale market is estimated to have increased only 4%, to 143,000 units. Possible changes to tax laws, particularly limitations on the deductibility of state and local taxes and interest payments on second homes, dampend demand. Florida's resale increase was below the national average of 12%.

But resales will rise 6% in Florida during 1986, outpacing the national average of 3%. The continuing national economic recovery will increase manufacturing and service employment. It now appears that any tax reform will main-

(Continued on page 5)

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

Home Center Industry Outlook—Part Two

	Latest Available Data	1985 QI	1985 QII	1985 QIII	1985 QIV	1986 QI^P	1986 QII^P	1986 QIII^P	1986 QIV^P	1984	1985	1986
NHCN Leading Indicator (January 1980=100)	Dec.	120.2	124.3	125.1	123.4	127.5	127.7	127.8	127.9	117.8	123.25	127.725

Building Material Retail Sales

Current

$ Millions SAAR												
Total United States	Oct.	50,468	53,012	53,248	55,937	56,365	57,488	58,439	59,295	49,774	53,166	57,927
New England	Oct.	2,504	2,881	3,205	3,474	3,575	3,685	3,623	3,629	2,743	3,016	3,608
Middle Atlantic	Oct.	6,183	7,084	7,341	7,753	7,846	7,986	8,059	8,135	6,373	7,090	8,006
East North Central	Oct.	7,226	8,531	8,529	8,883	8,937	9,048	9,239	9,410	7,935	8,292	9,159
West North Central	Oct.	3,252	3,837	3,805	3,960	3,971	4,081	4,061	4,097	3,720	3,714	4,033
South Atlantic	Oct.	11,089	11,073	10,769	11,428	11,551	11,815	12,138	12,339	10,234	11,090	11,961
East South Central	Oct.	2,677	2,894	3,027	3,228	3,264	3,358	3,454	3,534	2,723	2,956	3,402
West South Central	Oct.	6,199	6,208	5,772	5,896	5,849	5,858	5,891	6,001	6,089	6,019	5,908
Mountain	Oct.	2,678	2,589	2,594	2,702	2,726	2,784	2,858	2,911	2,617	2,641	2,820
Pacific	Oct.	8,660	8,107	8,206	8,614	8,847	8,921	9,116	9,238	7,340	8,397	9,031

Constant

Millions $1972 SAAR												
Total United States	Oct.	23,284	23,484	23,690	24,640	24,670	24,739	24,985	25,180	22,623	23,525	24,886
New England	Oct.	1,186	1,276	1,426	1,538	1,559	1,557	1,549	1,536	1,247	1,334	1,550
Middle Atlantic	Oct.	2,738	3,138	3,266	3,415	3,422	3,440	3,448	3,444	2,896	3,137	3,440
East North Central	Oct.	3,191	3,779	3,795	3,913	3,898	3,907	3,958	3,983	3,606	3,669	3,935
West North Central	Oct.	1,436	1,700	1,693	1,745	1,732	1,728	1,736	1,734	1,691	1,643	1,733
South Atlantic	Oct.	4,896	4,905	4,791	5,034	5,038	5,102	5,189	5,223	4,652	4,907	5,138
East South Central	Oct.	1,182	1,282	1,347	1,422	1,423	1,450	1,477	1,496	1,238	1,308	1,462
West South Central	Oct.	2,737	2,750	2,568	2,597	2,551	2,543	2,518	2,540	2,769	2,663	2,538
Mountain	Oct.	1,182	1,147	1,154	1,190	1,189	1,202	1,222	1,232	1,189	1,168	1,211
Pacific	Oct.	3,824	3,591	3,651	3,795	3,858	3,852	3,898	3,911	3,336	3,715	3,809

Per Cent of U.S. Total

Current

Total United States (Constant)	Oct.	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
New England	Oct.	4.96	5.43	6.02	6.21	6.32	6.28	6.20	6.12	5.51	5.67	6.23
Middle Atlantic	Oct.	12.25	13.36	13.79	13.86	13.87	13.91	13.79	13.72	12.88	13.34	13.82
East North Central	Oct.	14.32	16.09	16.02	15.88	15.80	15.76	15.81	15.87	15.94	15.60	15.81
West North Central	Oct.	6.44	7.24	7.15	7.08	7.02	6.97	6.95	6.91	7.47	6.99	6.96
South Atlantic	Oct.	21.97	20.89	20.22	20.43	20.42	20.58	20.77	20.81	20.56	20.86	20.65
East South Central	Oct.	5.30	5.46	5.68	5.77	5.77	5.85	5.91	5.96	5.47	5.56	5.87
West South Central	Oct.	12.28	11.71	10.84	10.54	10.34	10.26	10.09	10.12	12.24	11.32	10.20
Mountain	Oct.	5.31	4.88	4.87	4.83	4.82	4.85	4.89	4.91	5.26	4.97	4.87
Pacific	Oct.	17.16	15.29	15.41	15.40	15.66	15.56	15.60	15.58	14.75	15.79	15.59

Industrial Production

Index (1977 = 100)

Brick	Dec.	86.6	87.5	91.3	88.0	91.2	92.3	92.0	91.3	88.1	88.6	91.8
Cement	Dec.	109.0	116.0	106.5	105.5	103.5	105.7	105.3	105.6	102.1	107.0	105.5
Gypsum Wallboard	Dec.	116.0	127.7	129.6	131.2	131.5	132.2	128.0	125.9	119.2	126.1	128.0
Hardwoods	Dec.	102.2	102.7	102.0	101.5	102.5	103.2	104.1	104.9	103.6	101.8	103.6
Lumber Products	Dec.	123.1	121.8	126.1	127.1	127.1	127.8	126.4	125.1	119.0	123.3	126.6
Paint	Dec.	102.5	105.8	105.2	97.2	103.2	104.5	105.6	106.7	102.6	100.5	105.0
Plywood	Dec.	135.7	137.1	140.6	144.2	143.6	143.7	143.1	141.2	128.5	139.5	142.9

Data: Department of Commerce, Bureau of Labor Statistics, National Association of Home Builders, Department of Housing and Urban Development, Jan. 24, 1986

The Home Center Industry Outlook runs in two parts, in alternate issues. Part I includes information on the General Economic Outlook, Residential Construction & Real Estate and Retail Trade Activity. Part II includes latest data on regional building material & supply store sales and industrial production. Two NHCN leading indicators runs every issue.

SAAR—Seasonally Adjusted Annual Rate
e—estimate
p—projection
NHCN chart
Source: Merrill Lynch Economics for NHCN

FINANCIAL NEWS

Payless sees modest '85 gains; earnings rise 2.6% to $37 mil.

KANSAS CITY — Payless Cashways reported modest sales and earnings growth for its fiscal year ended Nov. 30, 1985. Yearly earnings rose 2.6% to $37.1 million on sales of $1.4 billion, an 18.3% increase in revenues for the 53-week period. Comparable store sales, results from units open at least one full year, were up 5%.

The company also announced plans to open 12 new stores during the current fiscal year, including its first stores in Ft. Smith, Arkansas, and Pelham, New Hampshire. The anticipated closing of three existing units will result in a net gain of nine stores this year.

Payless' chairman David Stanley called the moderate sales increases "below expectations," but added that they were "understandable in light of an overall soft retail environment and a tough economic climate in a number of our markets."

For a better comparison with the previous year, on a 52-week basis, total sales would have risen 16.4% and comp-store sales would have grown by just 3.3%.

In addition, earnings per share decreased 2.7% to $1.12 from the previous year's $1.15; and average shares outstanding expanded over the fiscal year due to a common stock offering of 2.3 million shares last February.

Payless' fourth quarter earnings results were stronger than the year-end figures, due in part to a LIFO (last in-first out inventory accounting) credit which was 3¢ per share more than the comparable credit for the like quarter last year. There was virtually no LIFO charge in fiscal 1985, compared to a $2.2 million charge in the 1984 fiscal year.

Net income for the fourth quarter ended Nov. 30, was $11.1 million, a 17.1% gain. Earnings per share increased to 32¢ for the period, up 10.1% from the year-ago quarter. Sales in the 14-week period were up 14.5% to $378.9 million. Comp-store sales grew 5.4%. Total sales for the quarter on a 13-week basis would have increased 7.9% and comp-store sales would have declined by 1%.

While pleased with the company's performance in gross margin and inventory control, Stanley said he was disappointed with operating expense ratios. Operating cost increases came at a time of "virtually no inflation in the cost of the building materials we sell," said the Payless chairman, who added that the opening of 30 new stores over the past 15 months also contributed to the growth of operating expenses.

"For 1986, as our newer stores mature and we realize productivity improvements from all sectors of the company, we expect to have more favorable performance," said Stanley.

During its 1985 fiscal year, Payless opened 14 new retail facilities and acquired four Handy Dan stores from the W.R. Grace Retail Group, bringing the company's store count to 169 at the end of November 1985.

The newly constructed facilities were located mainly in existing markets.

Payless also opened stores in two new markets: Dayton, Ohio, (one), and Louisville (four).

In 1985, six stores were closed, and for 1986 the company announced plans to close additional stores in Tucson, Ariz. (two), and one each in Tempe, Ariz., and Denver. Last month, Payless sold five units in Iowa and Minnesota to United Building Centers, a division of Lanoga Corp.

For the coming fiscal year, Payless plans to open 12 new stores, going into several new markets. Plans include Payless' first outlets in the states of Arkansas and New Hampshire, as well as openings in Norman, Okla., Lincoln, Neb., Wichita Falls, Tex., Anderson, Ind., Lexington, Ky., and Providence, R.I.

The chain will also fill in existing markets with stores in Dallas, Cincinatti, Dayton and Austin. Payless also announced plans to place a store in southeast Denver as a replacement for a Hugh M. Woods Building Materials facility it plans to close. A completion date in late 1986 is expected.

Strong service and finance states to post largest gains

(Continued from page 4)

tain historic deductions for taxes and interest payments, so the demand for second homes can be expected to rise.

As capital goods output in north central states expands, more retirees will be able to sell their homes.

A number of cities within Florida will grow at a rate above average in 1986. In central Florida, Tampa will benefit from a resurgence in the communications industry. Orlando is diversifying into a modern corporate city. Daytona enjoys a rising light manufacturing sector. In northern Florida, Jacksonville will benefit from good gains in finance employment, and the panhandle area will benefit from the relocation of retirees. In southern Florida, Fort Lauderdale and West Palm Beach will expand, as the microcomputer industyry shakes off its 1985 doldrums.

The Miami area will undergo only a moderate expansion in 1986. The dollar is expected to decline another 10% this year, making this area more attractive for tourism from both Latin America and Canada. Miami's unemployment rate remains at 7%, well above the state average, which limits its expansion in the near term.

A surplus of housing units in the Miami area, and the resulting softness in additional housing demand, will limit sales of building materials. The Lakeland area will be the laggard in state growth. The unemployment rate there is 15% and its economic base, agricultural fertilizer, will continue to weaken as farm conditions slacken.

Overall, Florida will be a moderate-to-strong performer in building material and supply store sales in 1986.

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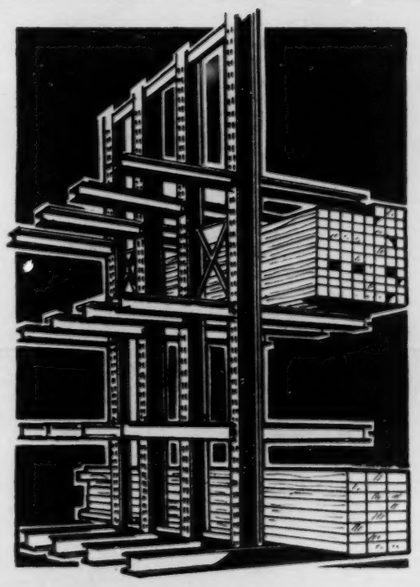

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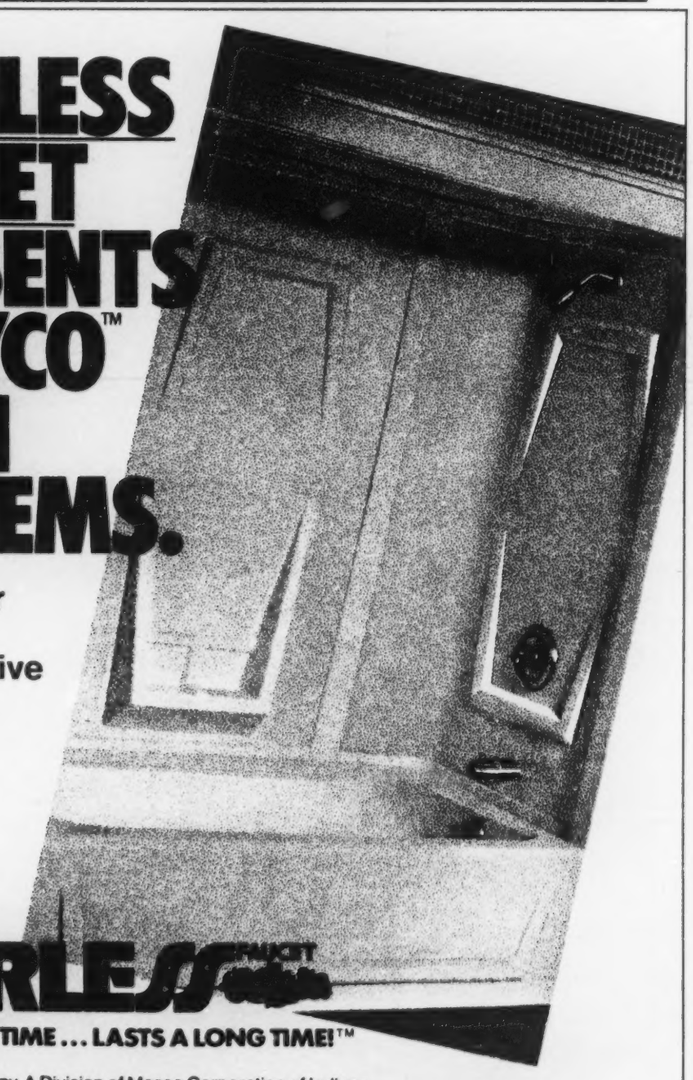

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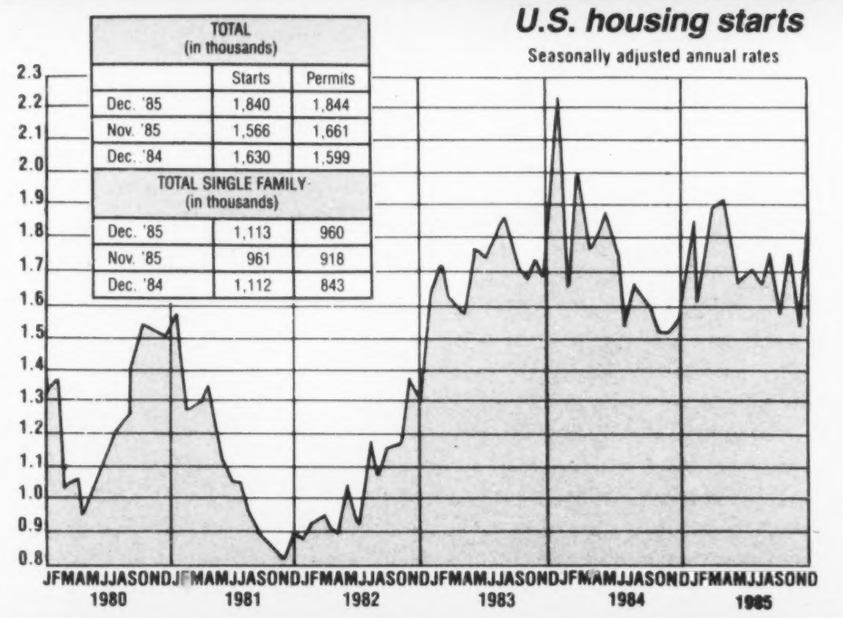
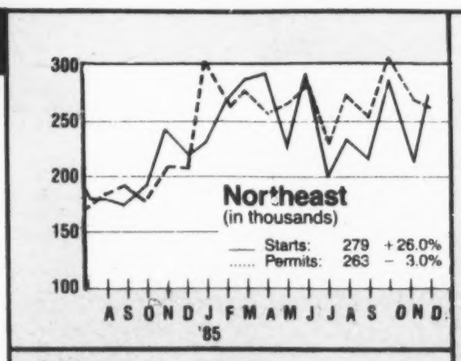
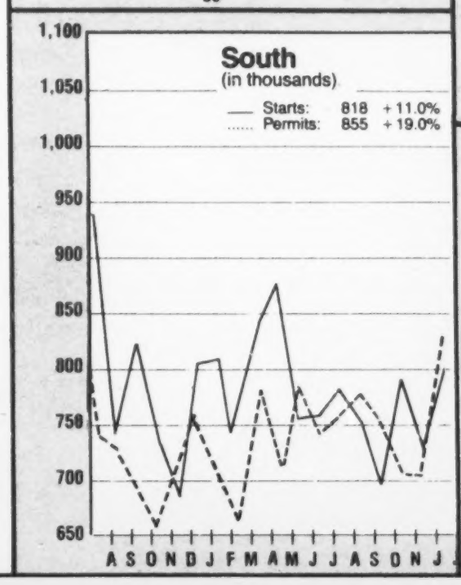
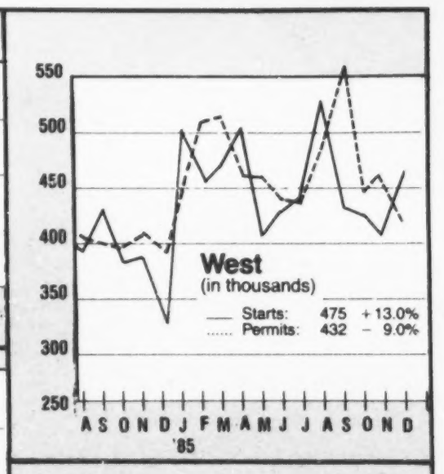
HOUSING WATCH

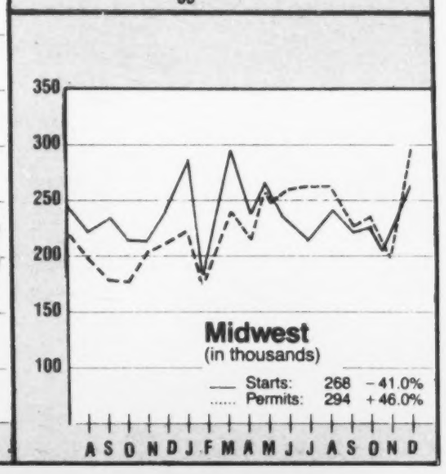

U.S. housing starts
Seasonally adjusted annual rates
TOTAL (in thousands)
Starts Permits
Dec. '85 1,840 1,844
Nov. '85 1,566 1,661
Dec. '84 1,630 1,599
TOTAL SINGLE FAMILY (in thousands)
Dec. '85 1,113 960
Nov. '85 961 918
Dec. '84 1,112 843
2.3 2.2 2.1 2.0 1.9 1.8 1.7 1.6 1.5 1.4 1.3 1.2 1.1 1.0 0.9 0.8
JFMAMJJASONDJFMAMJJASONDJFMAMJJASONDJFMAMJJASONDJFMAMJJASONDJFMAMJJASOND
1980 1981 1982 1983 1984 1985

With mortgage rates at a six-year low and the impending federal tax code changes prompting many builders to start spring projects early, housing starts jumped 17.5% in December helping 1985 to finish with l.73 million units started; just 1% below l984.









Housing starts jump 17.5% in December

NATIONAL REPORT - Housing starts jumped an unexpected 17.5% in December to a seasonally adjusted 1.84 million units, according to the U.S. Commerce Department.

Single-family starts also rose, by nearly 16% to 1.13 million units, seasonally adjusted. Total permit activity increased by 11% to 1.84 million units, and single-family permits edged up 5% to 960,000 units.

December's starts were 13% above the corresponding month a year ago and single-family starts were unchanged. Permit activity for the final month of l985 was l5% ahead of December l984 and single family housing permits were up by 14%.

For all of l985, housing starts were down 1% to 1.73 million units making it the third consecutive year that starts have been above the 1.7 million-unit mark. Single-family starts were also down by 1% last year, to nearly 1.1 million units.

Permit activity, however, was up by 3% to nearly 1.74 million units and single-family housing permits totaled 960,100 units last year.

Several of the nation's economists and officials of the National Association of Home Builders, who convened in Dallas last month for their annual convention, reported they were pleased with the country's housing activity and project l986 will record between 1.6 and 1.85 million starts.

The unusually high starts level for December, the economists noted, was mostly due to activity in the multi-family housing sector. These builders were probably trying to take advantage of 1985 tax structure in anticipation of the upcoming code revisions which could make it more expensive for them to build multi-family housing, the economists said.

Starts activity in December was led by the Midwest, which recorded a 41% increase in starts, to 268,00 units, seasonally adjusted, and a 46% increase in housing permits. Compared to December 1984, starts in the Midwest were up 18% and permits were up 32%.

Housing starts were also strong in the Northeast, which recorded a 26% increase, to 279,000 units, seasonally adjusted. It's permit activity, however, declined by 3% in December, to 263,000 units, seasonally adjusted. Starts in this region were up 14% from last December. Permits were up l2% over the corresponding month one year ago.

The South recorded an 11% rise in starts, to 818,000 units, .5% ahead of December l984. Permit activity in this region rose by 19%, to 855,000 units, which was 18% above a year ago.

Starts in the West rose 13% to 475,000 units, seasonally adjusted, but permits were down by 9% to 432,000 units. Compared to last December, starts were up 38% and permits were ahead 3%.

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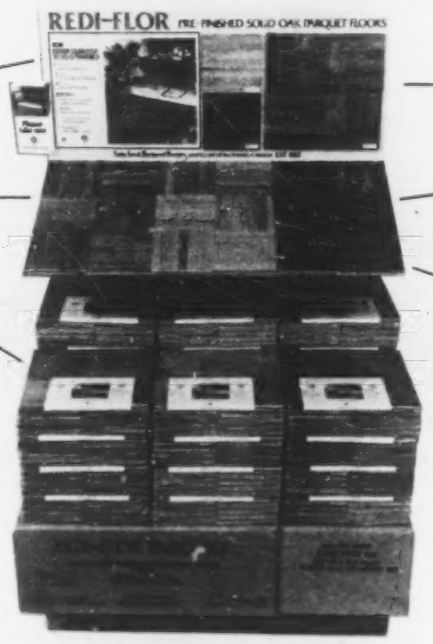
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LUMBER REPORT

WWPA prepares remodelers and DIYers for outdoor projects

PORTLAND, Ore. — Even the grip of winter is not enough to deter the Western Wood Products Association (WWPA) from prompting home improvement retailers to think about outdoor DIY projects for their customers.

After nearly a year's planning, the association is currently in the midst of promoting a battery of outdoor improvement projects for the professional remodeler and the DIYer.

The campaign continues what is part of a five-year effort on the part of the WWPA to boost additional demand for western wood products.

Bob Petow, director of product promotion, said the organization is distributing a series of point-of-sale brochures and shelf literature to push the use of softwoods as deck accessories. The literature, in pamphlet form, accents the distinctiveness of installing benches, planters, steps and tables as deck accessories for beauty and practicality.

"We'll be adding to this material in the coming months," Petow said, "directing it to retailers, builders and remodelers.

"It's information that they can use as a sales tool for their customers in case a retailer wants to stock an in-store display with the intent to get the shopper thinking: here is a new idea for my deck."

Petow said the pamphlets are designed to provoke alternative ideas for using treated lumber as decking material.

Expanded uses suggested

"For the remodeler, the dealer would use it as an additional sales tool and an idea generator for his clients when he is talking to people about an outdoor project, to get them involved in the remodeling project program in addition to just building a basic deck," Petow said.

Printed on a thick, dark-brown stock of paper, the "Simple-To-Build" plan sheets are easy to read, include descriptive diagrams and feature less-obtrusive, accordion-type page foldings to assist fastidious minded merchandisers.

"We decided on a thicker stock of paper because if it's going to be in a retailer's store, you want it to stand out," Petow said. "And when you are at home in the outdoors, you don't want a flimsy sheet of paper that'll be blowing away."

Simplified DIY instructions

For the DIYer, the pamphlets seem to promise ease and clarity. In the program for

(Continued on page 16)

FUTURES

Two weeks ended Jan. 9, 1986

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

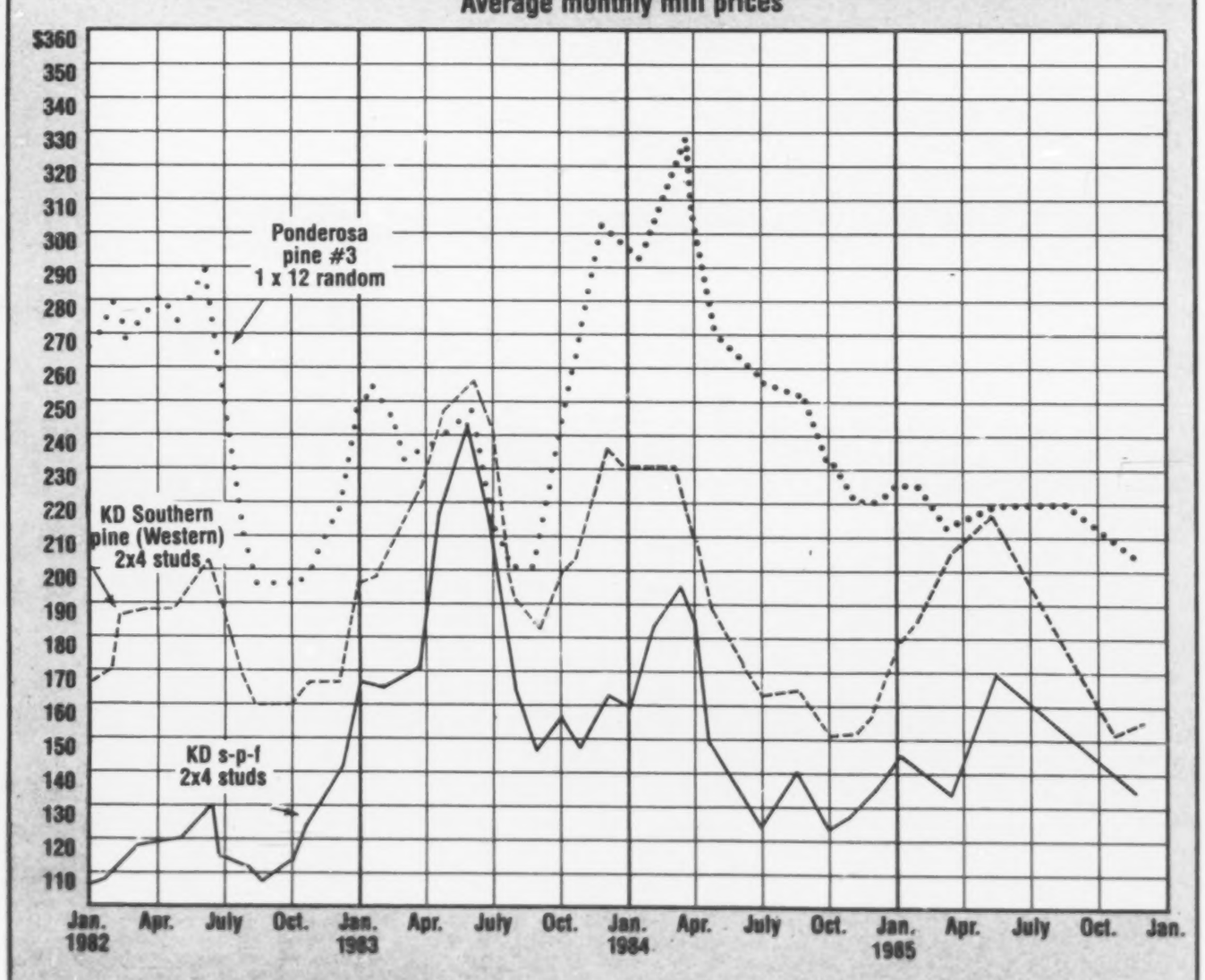
	High	Low	Close (Settle)	Previous Week	Open* Interest	Contract High	Contract Low
Jan. '86	147.20	143.10	146.90	144.90	699	187.30	133.60
March	151.20	145.30	146.60	149.80	3,004	195.00	139.70
May	155.90	150.00	151.60	155.10	956	176.40	145.20
July	160.50	154.30	155.50	159.90	277	183.40	149.50
Sept.	163.30	157.50	159.00	162.80	200	180.00	152.90
Nov.	163.30	157.80	159.20	162.90	120	166.90	153.00
Jan. '87	167.50	161.50	162.50	167.10	20	173.50	161.50

Total Volume (Through 1/9): 10,489 — **Previous Two Weeks: 7,940**
Total Open Interest (As of 1/9): 5,276 — **Previous Week: 6,415**
Cash Price: $148.96 — **Previous Week: $151.90** — **Year Ago: $164.64**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Jan. 9
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices



Price levels for studs and boards continued downward through the fourth quarter even though regional housing construction was high. A thousand board feet of ponderosa pine No. 3 1x12 random dropped $2 to $218 per thousand board feet for a November average. KD southern pine dropped to $150 per thousand board feet from a September average $215 per thousand board feet, while KD s-p-f continued sinking to $137 per thousand board feet.

Source: Random Lengths

Marketing plans up sales for Lumber Headquarters

FLORAL PARK, N.Y. — The injection of close-out merchandise and an aggressive marketing plan that boosted advertising expenditures by 50% over the previous year provided Lumber Headquarters with the fix it needed in 1985, lifting sales by more than 20% after a downer of a year in 1984.

Company president Morris Hoberman expects sales to be even better in 1986, "even though there is the possibility that the overall economy will not be as good" as the year just ended. Hoberman predicted at least a 10% gain on 1985's estimated sales of almost $20 million.

After a year of soft sales partly due to stronger stances taken by larger chains in the market that either opened warehouse-type stores or advertised warehouse pricing, Lumber Headquarters turned to manufacturers' surplus goods to remedy its slipping price image and to expand its product mix beyond the realm of lumber and building materials.

Early last year, the chain began purchasing closeouts, overstocks, discontinued models, factory rebuilt merchandise and product lines that had been bought back by the manufacturer after a retailer changed vendors. The stores carry any number of manufacturers' surplus products at any given time. Recently, the chain was selling such diverse surplus products as dinnerware sets, decorator brickface, pipe wrap installation, kerosene heaters and electric radiators, as well as wood window units, store doors and prehung steel and wood entry doors.

In conjunction with the new surplus items, Lumber Headquarters has marketed itself more aggressively over the past year. The increase in advertising expenditures was reflected in full spread ad pages every week in two local dailies, as well as the launch of the chain's first series of television commercials, which also pound home the low price image.

Hoberman also attributed new services offered by the chain, such as cutting and free delivery within a 15-mile radius of any Lumber Headquarters store with a $200 minimum order, with contributing to the company's healthier outlook.

However, Hoberman said that the chain has not had much luck in finding a 13th location. For the past year, Lumber Headquarters has been looking for a site for a new retail close-out warehouse store. In the meantime, said Hoberman, expansion will be limited to the enlargement of some of the company's existing stores.

Lumber Headquarters has five stores in Brooklyn, three in Queens and four on Long Island. It was lackluster sales at those four Long Island stores, competing directly against such larger competitors as Pergament, Channel and Grossman's, which precipitated Lumber Headquarters' addition of salvage merchandise. With the addition of Hechinger to the market sometime this year, that simmering competition is sure to boil.

Commenting on that competitive fervor, Hoberman noted that Long Island is a tough market to crack because of its expensive real estate, and that "there are not many success stories here among the major chains, with the exception of maybe Pergament, which has been here a long, long time."

WWPA promotes outdoor projects

(Continued from page 14)

building bench seats, for example, a DIYer is informed that the seats are simple to assemble from readily available materials such as 2x4's and 2x6's. The pamphlet features not only an artist's rendering from a bird's eye view of the finished deck and benches, but also highlights dissected, mechanical isolated construction directions.

Unlike the Southern Pine Forest Products Assn.'s recent five-year campaign to expand the use of southern woods in construction projects ranging from permanent all wood foundations to industrial roofing, the WWPA is centering on targeting western woods to the housing aftermarket.

Part of the WWPA's view comes from the housing depression of the early 1980's when lumber surpluses and lumber end-uses made it difficult for manufacturers and retailers to prosper, Petow said.

"You could say that our current promotion grew out of the timber recession in the early 1980's," Petow said. "Our membership thought that when the recession was passed that the association needed to go out and begin promoting wood and wood usage.

Ancillary sales the goal

"So we put together a five-year marketing plan in which one of the primary objectives is to create demand for western wood on the order of 2.5 billion bd. ft. over and above what is used normally in the construction of homes and enhancements to homes. [In 1985, an estimated 44 billion bd. ft. were used in the market.]

"We're not out there trying to stimulate housing demand," Petow continued, "our primary purpose is to create additional demand over and above what would be used if we did no promotion at all.

"There's going to be 1.7 million houses built next year and we can't affect that. Where our activity comes in is in the enhancements as, in this case, added amenities that a family can use in an outdoor environment."

The WWPA represents wood manufacturers in the western states, whose membership accounts for about 30% of U. S. lumber production.

For more information on the WWPA's campaign, call 1-503-224-3930.

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Perspectives

merchandising

Higher margins spark retail interest in better roofing

NATIONAL REPORT — Higher-priced, better quality roofing is inching its way into the home center market, as retailers search for bigger margins in a category whose profitability in recent years has been as thin as some shingles.

Suppliers have reduced the cost of their step-up fiberglass and asphalt shingles to give dealers a more practical price point range in which to sell. And displays featuring the esthetic and quality aspects of this roofing are becoming more prominent in home centers.

"The key to selling high-end roofing is the POS display, plus the sales help you can give the customer," explained Chuck Banyas, vp-merchandising for 36-unit Lloyd Lumber, based in Danbury, Conn., that, partially because of its contractor trade, gets nearly 30% of its roofing sales at the high-end. Banyas said that salesmen trained specially in roofing are in the building products department of each store, and in the units' "Ask-Me House" service area.

It wasn't too long ago, though, that several chains sounded like they were giving up on roofing as anything more than a loss leader. The product was severely football in every area of the country (particularly the South and West), with more than a few dealers claiming to be selling the product at little more than cost.

The problem in the past had been that higher-margin step-up roofing was out of the price reach of most consumers. This was especially true of heavier weight laminated roofing—i.e., two or more shingles stuck together through a lamination process—that could run as high as $75 per square, compared to the $18 to $22 per square replacement shingles would go for.

However, between 1981 and 1984, production of laminated shingles increased 58%, and accounted for more than 7% of the 78 million squares of roofing made in 1985, according to the Asphalt Roofing Manufacturers Assn.

These products, marketed by various suppliers—CertainTeed's "Hallmark," GAF's "Timberline," Celotex's "dimensional Shake III and IV," and Elk's "Prestique"—offer a 30-year warranty (compared to 15 years on lower-end shingles), a degree of architectural diversity not available from three-tab shingles, and a Class A fire rating, which made them popular on the West Coast as replacement for more faddish cedar shakes.

"I'd say the market for laminated shingles is limited, but a growing number of consumers want the more expensive look and longer roof life our product can provide," said J. D. Hasselbach, national accounts manager for Celotex in Tampa, Fla., which gets about 10% of its roofing sales from a laminated product that retails for around $40 a square. Hasselbach added that chains such as Lowe's, Wickes Lumber and The HomeClub were marketing laminated roofing aggressively.

These shingles, though, have been targeted primarily at the roofing contractor. The better-quality, though lower priced, nonlaminate shingles aimed more at the retail market have yet to capture the imaginations of either retailers or consumers. Currently, these types of shingles account for 4% of total production, a percentage that essentially hasn't moved since 1980.

But that could change soon, as two of the industry's major suppliers are now promoting better-grade roofing at prices they feel are more suited to the consumer interested in a step-up product.

Owens-Corning Fiberglas, based in Toledo, Ohio, brought out its high-style "Chaparral II" roofing line in 1984, but only recently has it begun offering promotional support for the product to dealers in the form of displays and advertising.

So far, the sales of the shingle, at a retail price point of

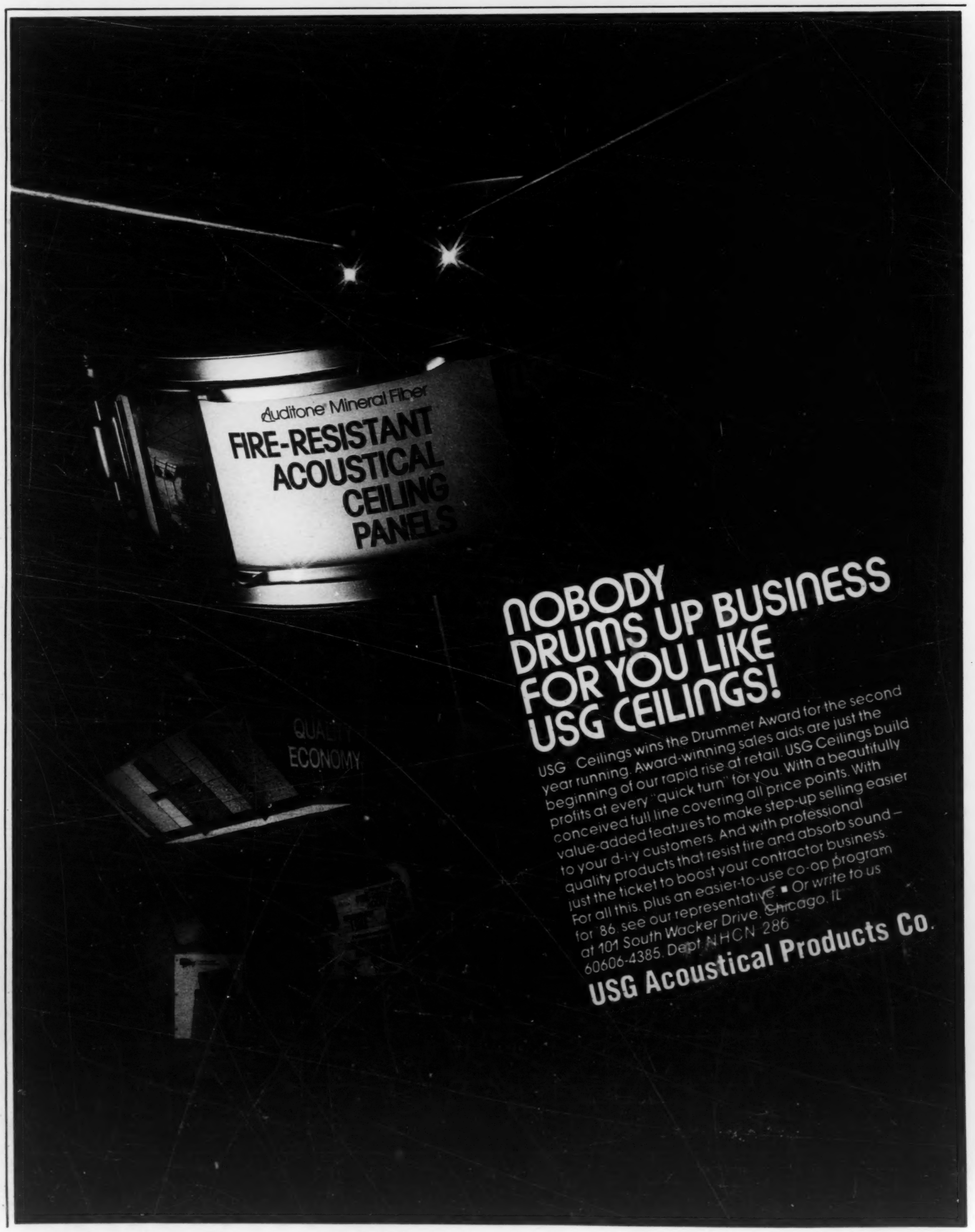
(Continued on page 32)

Total roofing production
(in squares)

Year	Total	Laminated shingles	Premium/medium shingles*
1981	56,720,166	3,403,210	2,268,806
1982	61,518,339	3,260,472	2,460,734
1983	74,338,400	4,831,996	2,973,535
1984	76,828,528	5,377,997	3,073,141
1985•	78,000,000	5,538,000	3,120,000

*Source: Asphalt Roofing Manufacturers Association; Owens-Corning Fiberglas
•*National Home Center News* estimates

Roofing production totals have increased since 1981. Making up a small, but growing, percentage of that total are laminated and premium/medium shingles.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Perspectives

merchandising

High margins attract interest in better-grade roofing

(Continued from page 29)

$30 to $36 a square, have been "good, though not outstanding," according to Fred Franklin, O-C's marketing manager. He explained that there has been some resistance to the product in some markets whose homes have low-slope roofs that don't lend themselves to showing off the architectural patterns of the shingles. And some retailers have balked at carrying the product because they feel the consumer market is too small.

However, Franklin felt that this market segment could be the fastest-growing over the next few years. "The surviving manufacturers in this business will have to offer and promote heavily the better grade roofing to be profitable."

Last year, CertainTeed Corp. in Valley Forge, Pa., took a slightly different tack from O-C when it introduced its "Hearthstead" shingle line. "It's very hard to trade a consumer up to a better shingle, so we wanted to offer dealers a noncommodity shingle at a price that wasn't much higher than the commodity line," said Marcia Trotman, CertainTeed's marketing manager.

Trotman insisted that based on CertainTeed's research, "consumer willingness to purchase higher-end shingles, and Hearthstead in particular, is very strong." The product is retailing for $30 a square, she said.

Just how fertile the retail home improvement market is for the sale of higher-end shingles remains to be seen, as dealers around the country gave very contrary opinions.

"We haven't really seen much demand for the better roofing, probably because the weather in the South isn't as severe as other parts of the country, so the need for better-quality roofing isn't as pressing," said Tom Koerber, merchandise manager for W. R. Grace's 108-unit Central Region, based in San Antonio, Tex., whose stores carry O-C's line on special order.

Koerber said most of the orders the chains get for this product are from consumers who wanted it installed, or from contractors requiring the product to be drop-shipped to a job site, "so why keep it in stock?"

Ozie Brown, a buyer for the 135-unit United Building Centers, based in Winona, Minn., echoed many of Koerber's comments. He added as well, that consumers have become so used to seeing roofing sell at $15 to $20 a square that upgrading them to higher-priced lines, regardless of quality differences in the products, would be extremely difficult. "Most people figure they will stay in their homes only 10 to 15 years, so why spend another $20 a square just to get a roof with a 30-year warranty?" he asked.

There are a number of dealers like Lloyd Lumber, however, that are finding increasing sales in their higher-end roofing lines, and are planning to expand their inventory commitment.

"Most homeowners have already fought the battle of the 15-year roof, and consumers are not looking for a better-quality product," said the buyer for a large West Coast chain whose stores sell Genstar's better shingles at around $14 per bundle (three bundles to a square).

This chain, which operates a number of stores in California, has found those shingles with Class A fire ratings have sold well as replacements for wood shakes "that offer no warranty and no fire protection."

Suppliers expect dealer receptivity to their higher-end roofing will grow as more consumers look to install new colors and design patterns to the roof of their homes. Some in the industry even think that laminates and premium fiberglass shingles could account for as much as 20% of manufacturers' sales, which last year were an estimated $1.5 billion.

But until the high-end market sorts itself out, chains like Lowe's will hedge their bets and shop the market for the best prices.

"High-end roofing, when you take in all the products, is all over the price board, and while we've had success selling this kind of product to contractors and consumers, we still aren't locked into one supplier's program," said Greg Wessling, vp-merchandising for the 283-unit North Carolina-based chain, which has carried quality shingles since 1977.

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FINANCIAL NEWS

The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market		Total 2-Week Volume	Volume Trend Change	2-Week Price Change
		(100)	%	%
Manville Cp	N	20,845	359.8	19.1
Stanley Works	N	8,235	261.0	3.1
Grace W R	N	57,549	247.8	- 1.0
K mart Cp	N	58,058	178.9	2.2
Mich General	A	3,367	172.5	.0
Forest City Ent	A	85	162.5	- 2.5
Wickes Cos	A	90,766	160.6	- 5.3
Lewis Palmer	M	1,078	157.9	- 3.3
Am Standard	N	20,107	148.5	.0
Champ Intl	N	39,219	145.3	1.0
Clopay Corp	A	140	139.5	1.9
La Pacific	N	8,527	137.6	6.9
Black & Decker	N	30,620	134.6	1.9
Mor-Flo Inds	M	619	128.0	- .7
Walter, Jim	N	9,120	109.2	- 4.4
Lowe's Cos	N	11,561	107.1	- 5.6
Ply-Gem	A	1,937	104.1	4.9
Emhart Corp	N	4,286	103.9	- .4
Pope & Talbot	N	1,780	100.7	.7
Owens Corning	N	6,765	100.0	2.7

Volume Trend Change—% difference between "2-weeks shares traded % out" and "12-week avg. vol. as % of out."

PRICE MOVEMENT

Company & Market		2-Weeks Ended 1-24-86	2-Week Price Change	Total 2-Week Volume
TOP GAINERS		$	%	(100)
Manville Cp	N	7.00	19.1	20,845
USG Corp	N	49.00	7.7	8,007
Payless Cash	N	15.88	7.6	8,111
Newell Co	N	22.50	7.1	812
La Pacific	N	23.13	6.9	8,527
Supermkts Gen	N	50.50	6.3	1,657
Natl Lumber	M	4.75	5.6	317
MacMlln Bldel	N	17.63	5.2	129
Thos Inds	N	20.75	5.1	749

Company & Market		2-Weeks Ended 1-24-86	2-Week Price Change	Total 2-Week Volume
TOP LOSERS		$	%	(100)
Homecrafters Whse	M	2.00	- 23.8	2,113
Allegheny Int	N	17.25	- 9.2	2,771
Insilco Corp	N	18.38	- 8.1	5,463
Home Depot	N	11.38	- 6.2	7,321
Lowe's Cos	N	25.38	- 5.6	11,561
Wickes Cos	A	4.50	- 5.3	90,766
Scotty's Inc	N	14.13	- 5.0	1,970
Hechinger A	M	19.50	- 4.9	4,490
Walter, Jim	N	40.88	- 4.4	9,120

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market		Stock Market: Price: 2-Weeks Ended 1-24-86	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
-		$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																														
Color Tile	M	20.00	- .50	- 2.4	21.63	19.75	22.00	15.25	4,022	4.28	2.80	52.9	13.6	.00	.0	NEW	6 mos.	12-85	87.2	4.8	3.3	- 2.9	.34	- 8.1	182.2	14.8	6.6	6.5	.70	2.9
Erb Lumber	M	33.50	.00	.0	36.00	33.50	36.50	18.25	25	.28	.64	- 56.3	5.7	.00	.0	.....	9 mos.	09-85	61.4	44.1	2.3	91.7	2.67	105.4	142.3	27.5	4.3	104.8	4.87	112.7
Forest City Ent	A	24.63	- .63	- 2.5	25.00	24.38	26.13	20.38	85	.21	.08	162.5	45.6	.15	.6	.....	9 mos.	10-85	72.8	14.3	.0	- 100.0	.00	- 100.0	200.0	5.7	3.6	20.0	.45	12.5
Grace W R	N	51.38	- .50	- 1.0	57.25	49.00	57.25	35.50	57,549	11.86	3.41	247.8	16.2	2.80	5.5	.....	9 mos.	09-85	1758.1	6.0	25.3	- 23.6	.41	- 39.7	5246.9	7.1	102.2	- 25.1	1.96	- 30.0
Handyman	A	27.13	.13	.5	27.13	26.50	29.63	21.75	240	.95	.48	97.9	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger A	M	19.50	- 1.00	- 4.9	20.25	18.75	23.19	16.00	4,490	5.13	2.58	98.8	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B	M	19.50	- .75	- 3.7	20.25	19.00	24.19	16.00	472	.35	.46	- 23.9	20.1	.08	.4	.....	9 mos.	10-85	118.3	17.8	5.5	17.0	.23	9.5	362.2	19.7	16.5	11.5	.70	7.7
Homecrafters Whse	M	2.00	- .63	- 23.8	2.75	2.00	10.00	1.00	2,113	7.47	7.56	- 1.2	NE	.00	.0	.....	9 mos.	10-85	45.4	9.9	(10.2)	NE	(3.62)	NE	143.0	18.0	(13.5)	NE	(4.80)	NE
Home Depot	N	11.38	- .75	- 6.2	12.25	10.88	20.38	10.50	7,321	2.92	1.63	79.1	31.6	.00	.0	.....	9 mos.	10-85	177.7	76.8	1.2	- 63.6	.04	- 69.2	497.0	57.6	5.6	- 46.7	.22	- 47.6
INTERCO Inc	N	69.38	- .50	- .7	69.75	67.00	73.63	61.13	3,250	2.29	1.41	62.4	13.5	3.08	4.4	.....	9 mos.	11-85	694.7	- .6	27.0	- 4.6	1.71	216.7	1927.7	- 5.7	61.4	- 15.0	3.89	21.9
K mart Cp	N	35.25	.75	2.2	35.75	33.63	41.50	30.63	58,058	4.63	1.66	178.9	11.0	1.40	4.0	.....	9 mos.	10-85	5223.2	4.6	77.4	- 16.2	.60	- 15.5	15667.8	10.2	210.7	- 28.5	1.64	- 27.8
Lowe's Cos	N	25.38	- 1.50	- 5.6	27.13	24.13	31.13	20.75	11,561	3.19	1.54	107.1	4.2	.36	1.4	.....	9 mos.	10-85	3833.0	756.2	441.1	2406.3	4.90	900.0	4880.9	271.8	473.9	831.0	5.81	312.1
Mich General	A	3.63	.00	.0	4.00	3.50	8.13	3.25	3,367	2.97	1.09	172.5	NE	.00	.0	.....	9 mos.	09-85	128.3	3.6	(7.9)	- 100.0	(.69)	- 100.0	335.4	- 2.6	(23.2)	- 100.0	(2.05)	- 100.0
Natl Lumber	M	4.75	.25	5.6	5.00	4.50	7.50	4.50	317	.56	.48	16.7	23.8	.00	.0	.....	9 mos.	10-85	33.7	.9	.1	- 66.7	.02	- 60.0	101.6	6.8	.8	- 20.0	.14	- 22.2
Pay N Pak	N	13.00	.00	.0	13.63	12.75	15.25	11.50	1,828	1.83	1.76	4.0	16.0	.64	4.9	.....	9 mos.	11-85	86.1	5.6	1.8	- 33.3	.18	- 33.3	259.2	6.4	6.9	- 22.5	.69	- 22.5
Payless Cash	N	15.88	1.13	7.6	16.00	14.88	23.38	13.50	8,111	2.34	1.75	33.7	13.8	.16	1.0	NEW	fiscal	11-85	164.4	- 50.3	10.1	6.3	.35	20.7	1174.4	.0	37.1	- .3	1.15	.0
Scotty's Inc	N	14.13	- .75	- 5.0	15.25	14.00	16.38	12.38	1,970	1.37	.80	71.3	11.5	.52	3.7	.....	3 mos.	09-85	110.3	8.5	2.8	- 17.6	.20	- 23.1	110.3	8.5	2.8	- 17.6	.20	- 23.1
Sears, Roebuck	N	37.00	.00	.0	38.13	36.25	41.13	31.75	49,023	1.35	1.19	13.4	10.4	1.76	4.8	.....	9 mos.	09-85	10047.1	3.7	262.2	- 18.5	.71	- 19.3	28647.1	3.4	751.0	- 15.8	2.03	- 17.8
Svc Merchandise	M	11.25	- .38	- 3.2	12.13	11.13	16.13	11.25	20,917	6.28	3.96	58.6	19.1	.08	.7	.....	9 mos.	09-85	528.3	69.7	(15.1)	- 100.0	(.45)	- 100.0	1421.0	53.3	(18.4)	- 100.0	(.55)	- 100.0
Std Brd Pnt	N	20.38	- .25	- 1.2	21.00	20.00	23.88	18.75	1,634	1.44	1.35	6.7	12.3	.56	2.7	.....	9 mos.	10-85	90.0	10.4	4.0	- 24.5	.35	- 27.1	266.4	9.1	14.2	- 12.9	1.26	- 14.3
Supermkts Gen	N	50.50	3.00	6.3	50.75	47.50	52.00	33.50	1,657	.92	.77	19.5	14.0	.48	1.0	.....	9 mos.	10-85	1263.6	9.9	24.2	132.7	.68	17.2	3766.3	25.1	42.1	38.9	2.35	36.
Wickes Cos	A	4.50	- .25	- 5.3	4.75	4.25	5.63	3.13	90,766	9.46	3.63	160.6	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wolohan Lumber	M	6.00	- .13	- 2.0	6.25	5.88	7.25	5.25	510	.87	1.16	- 25.0	11.5	.16	2.7	.....	9 mos.	09-85	46.8	12.5	1.2	9.1	.20	5.3	113.3	10.0	2.2	22.2	.38	22.6
Zayre Corp	N	59.13	.13	.2	59.88	57.50	66.13	37.97	4,439	1.66	1.26	31.7	17.5	.48	.8	.....	9 mos.	10-85	942.0	21.3	27.6	22.1	1.02	21.4	2537.0	20.6	56.7	24.3	2.09	22.9
Wholesalers																														
Lewis Palmer	M	7.25	- .25	- 3.3	7.50	7.13	9.38	6.38	1,078	2.76	1.07	157.9	55.8	.27b	3.7	.....	9 mos.	10-85	39.9	- 9.9	- .6	.0	.16	6.7	110.4	- 2.9	.8	- 42.9	.22	- 43.6
Manufacturers																														
Allegheny Int	N	17.25	- 1.75	- 9.2	19.13	17.25	28.75	17.00	2,771	2.58	3.08	- 16.2	NE	1.40	8.1	.....	9 mos.	09-85	511.5	- .9	(71.4)	- 100.0	(7.35)	- 100.0	1519.2	- 1.0	(56.3)	- 100.0	(7.47)	- 100.0
Am Standard	N	38.88	.00	.0	39.38	36.63	40.13	26.75	20,107	5.12	2.06	148.5	13.1	1.60	4.1	.....	9 mos.	09-85	830.9	.3	28.2	- 3.1	.71	- 5.3	2498.2	6.2	85.8	2.0	2.18	- 4.8
Armstrng Wrld	N	41.13	- .25	- .6	41.63	39.63	45.75	30.38	4,478	1.87	1.32	41.7	10.2	1.30	3.2	.....	9 mos.	09-85	446.7	13.1	28.1	23.2	1.17	23.2	1253.2	5.6	78.3	6.7	3.26	8.7
Black & Decker	N	20.63	.38	1.9	21.13	19.88	26.50	17.25	30,620	6.03	2.57	134.6	22.4	.64	3.1	.....	fiscal	09-85	454.3	- 5.9	10.2	- 58.4	.20	- 58.3	1732.3	13.0	46.9	- 50.8	.92	- 52.8
Boise Cascade	N	46.38	.38	.8	47.00	44.50	51.00	37.25	9,191	3.40	1.79	89.9	13.4	1.90	4.1	NEW	fiscal	12-85	892.7	- 1.6	19.0	NE	.61	NE	3737.2	- 2.1	104.3	49.9	3.45	54.7
Certain-teed	N	25.13	- .63	- 2.4	26.00	25.00	28.50	21.25	1,749	.92	.59	55.9	9.2	.70	2.8	NEW	fiscal	12-85	261.7	- 4.4	10.4	- 25.2	.55	- 21.4	1109.7	- 6.7	53.4	22.8	2.73	25.8
Champ Intl	N	24.88	.25	1.0	26.00	23.50	26.75	20.00	39,219	4.22	1.72	145.3	NE	.52	2.1	.....	9 mos.	09-85	1330.4	17.6	37.9	- 5.7	.37	- 43.9	4575.1	33.4	125.0	14.3	1.22	- 31.5
Clopay Corp	A	13.75	.25	1.9	13.88	13.25	22.19	11.25	140	.91	.38	139.5	NE	.16	1.2	.....	9 mos.	09-85	38.5	6.6	(1.2)	- 100.0	(.78)	- 100.0	103.7	6.3	(1.7)	- 100.0	(1.10)	- 100.0
DeSoto Inc	N	37.00	1.00	2.8	37.50	36.00	37.88	31.50	310	.65	.55	18.2	12.0	1.40	3.8	.....	9 mos.	09-85	109.2	- 4.5	4.1	- 31.7	.86	- 18.9	330.1	.3	11.3	- 29.4	2.37	- 16.8
Emhart Corp	N	31.25	- .13	- .4	32.25	31.25	33.25	26.25	4,286	1.55	.76	103.9	11.5	1.40b	4.5	.....	9 mos.	09-85	421.2	.1	17.0	- 20.6	.61	- 28.2	1290.6	- 4.1	56.4	- 13.0	2.03	- 21.3
Georgia-Pacifc	N	25.75	.50	2.0	26.63	24.75	27.38	20.50	23,643	2.29	1.60	43.1	31.4	.80	3.1	.....	9 mos.	09-85	1752.0	- .3	58.0	- 30.1	.52	- 29.7	5126.0	4.3	174.0	- 20.2	1.56	- 8.8
Insilco Corp	N	18.38	- 1.63	- 8.1	20.25	18.25	21.38	16.63	5,463	2.78	1.66	67.5	13.4	1.00b	5.4	NEW	fiscal	12-85	174.7	- 3.4	3.6	- 50.7	.17	- 57.5	811.8	3.2	26.1	- 20.9	1.37	- 24.7
La Pacific	N	23.13	1.50	6.9	23.63	21.00	24.75	17.63	8,527	2.40	1.01	137.6	19.8	.80b	3.5	.....	9 mos.	09-85	332.3	6.3	11.3	63.8	.32	77.8	948.3	.2	18.7	- 11.8	.53	- 10.2
MacMlln Bldel	N	17.63	.88	5.2	17.88	16.50	21.34	12.47	129	.04	.02	100.0	26.7	.00a	.0	.....	9 mos.	09-85	597.1	- 1.0	12.1	61.3	.18	350.0	1733.7	11.9	22.5	NE	.10	NE
Manville Cp	N	7.00	1.13	19.1	7.13	5.63	8.63	5.13	20,845	8.69	1.89	359.8	NE	.00	.0	.....	9 mos.	09-85	471.4	- 4.0	(98.6)	- 100.0	(4.37)	- 100.0	1405.4	3.5	(66.0)	- 100.0	(3.53)	- 100.0
Masco Corp	N	41.50	.63	1.5	41.75	39.13	42.75	28.50	10,350	1.78	1.02	74.5	28.2	.64	1.5	.....	9 mos.	09-85	NC	NC	(48.6)	- 100.0	(.10)	NE	449.1	- 44.2	23.2	- 75.4	1.14	- 31.7
Mor-Flo Inds	M	18.75	- .13	- .7	19.00	18.75	20.25	14.50	619	2.44	1.07	128.0	8.8	.01	.1	.....	9 mos.	09-85	47.0	.9	.3	- 81.3	.11	- 82.5	153.0	3.9	3.7	- 22.9	1.45	- 24.5
Natl Gypsum	N	46.00	.63	1.4	46.25	45.25	47.25	25.09	10,846	4.74	2.76	71.7	8.8	1.52	3.3	.....	9 mos.	09-85	468.0	4.2	35.1	24.9	1.53	26.4	1277.4	- .8	96.6	18.4	4.16	18.9
Newell Co	N	22.50	1.50	7.1	22.75	21.13	22.75	15.13	812	.94	.72	30.6	11.6	.60	2.7	.....	9 mos.	09-85	92.2	36.4	5.4	74.2	.60	66.7	253.4	15.9	13.4	34.0	1.48	27.6
Owens Corning	N	37.50	1.00	2.7	38.00	36.38	38.75	30.75	6,765	2.28	1.14	100.0	9.2	1.40	3.7	.....	9 mos.	09-85	870.5	8.0	38.9	11.8	1.31	11.0	2338.4	3.2	87.1	8.5	2.94	7.7
Ply-Gem	A	18.63	.88	4.9	18.88	18.00	19.75	13.00	1,937	4.51	2.21	104.1	16.8	.16	.9	.....	9 mos.	09-85	39.5	- 2.7	1.1	37.5	.25	31.6	123.0	- .2	3.1	- 3.1	.77	- 12.5
Pope & Talbot	N	17.63	.13	.7	18.38	17.25	21.50	16.75	1,780	2.97	1.48	100.7	76.6	.80	4.5	.....	9 mos.	09-85	82.0	- .6	2.1	NE	.34	NE	250.3	3.8	6.1	48.8	1.01	46.4
Potlatch Cp	N	36.38	.13	.3	36.63	35.50	43.63	31.38	2,250	1.46	3.31	- 55.9	14.5	1.56	4.3	.....	9 mos.	09-85	239.6	- 3.8	11.3	1.8	.65	1.6	722.9	- 4.6	33.3	- 15.9	1.93	- 13.1
Sherwin-Wms	N	44.38	1.38	3.2	47.00	42.88	47.00	30.63	2,951	1.29	.73	76.7	14.0	.92	2.1	.....	9 mos.	09-85	578.8	4.8	29.1	15.0	1.26	13.5	1677.5	6.6	63.3	13.2	2.75	13.2
SW Forest Ind	N	13.63	- .13	- .9	14.88	13.25	15.88	9.88	7,535	8.11	4.40	84.3	NE	.00	.0	.....	9 mos.	09-85	181.6	- 10.6	(2.8)	- 100.0	(.45)	- 100.0	530.9	- 9.6	(7.3)	- 100.0	(1.25)	- 100.0
Stanley Works	N	32.75	1.00	3.1	33.00	31.50	33.75	26.50	8,235	2.96	.82	261.0	12.0	1.04	3.2	.....	9 mos.	09-85	297.1	.8	19.4	7.2	.70	7.7	885.9	3.9	52.6	5.2	1.92	7.3
Thos Inds	N	20.75	1.00	5.1	21.00	19.75	21.13	14.41	749	.84	.62	35.5	11.7	.65b	3.1	.....	9 mos.	09-85	79.1	- .5	4.9	14.0	.54	14.9	231.9	8.1	12.0	.0	1.34	.0
Triangle Pac	N	37.00	1.50	4.2	37.25	35.50	37.63	26.00	386	1.02	.90	13.3	10.2	1.00	2.7	.....	9 mos.	09-85	69.0	- 3.5	4.7	9.3	1.24	21.6	198.2	- 4.5	11.6	8.4	2.90	12.0
USG Corp	N	49.00	3.50	7.7	49.00	45.50	51.25	30.75	8,007	2.40	1.35	77.8	7.8	1.68	3.4	.....	9 mos.	09-85	657.4	3.7	65.7	38.3	1.96	36.1	1891.3	10.7	169.9	16.9	5.08	15.5
Walter, Jim	N	40.88	- 1.88	- 4.4	43.13	40.75	44.50	31.00	9,120	4.31	2.06	109.2	7.7	1.40	3.4	NEW	3 mos.	11-85	562.1	.7	31.7	17.0	1.45	16.9	562.1	.7	31.7	17.0	1.45	16.9
Waxman Ind	M	12.75	.25	2.0	13.25	12.25	16.88	9.00	931	2.97	2.17	36.9	19.0	.08	.6	.....	3 mos.	09-85	21.5	4.9	.6	- 14.3	.18	- 55.0	21.5	4.9	.6	- 14.3	.18	- 55.0
Weyerhaeuser	N	30.50	.13	.4	31.25	29.63	33.38	24.75	20,803	1.60	.96	66.7	29.0	1.30	4.3	.....	9 mos.	09-85	1291.8	- 51.6	38.6	- 33.8	.24	- 40.0	3967.6	- 4.2	136.5	- 31.3	.89	- 34.6

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

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Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column
P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.